

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #3

Representing City and County Governments of the San Francisco Bay Area

Attachment A



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2007-03

June 20, 2007

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Chairman Ed Buonaccorsi opened the meeting with introductions at 12:10 p.m.

Committee Representatives Present

Scott Baker
Ed Buonaccorsi, Chairman
John Cerini, Vice-Chairman
Terry Mann
Jennifer Mennucci
Raj Pankhania
Ron Popp

Jurisdictions

City of Pleasanton
City of Santa Rosa
City of Vallejo
County of Contra Costa
Golden Gate Bridge District
City of Hercules
City of Millbrae

Staff Present

Joseph Chan
Jerry Lahr
Vina Maharaj
Kenneth Moy

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PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF APRIL 18, 2007 MEETING

Motion was made by Baker/S/Popp/C/6:0:0 to approve the Summary Minutes of April 18, 2007 Executive Committee Meeting.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations

Lahr provided members with the monthly Summary of Operations report for FY 2006-07. Two of the higher priced long term gas purchase contracts priced at \$9.60 and \$9.16 expired at the end of March, 2007. Since the remaining fixed-price contracts are all lower priced contracts, Lahr said he is hoping to see the monthly saving numbers going positive. While the program is moving back toward a more favorable comparison with PG&E, he doesn't expect to see positive savings by the year end.

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Gas Hedge Chart

Lahr provided a chart showing ABAG POWER's long term gas purchases. He mentioned the various long term purchases and their ending periods. No new long term purchases (i.e. greater than one month) were made in the past few months.

Imbalance Tracking Chart

ABAG POWER continues to closely monitor the Operating Imbalance with PG&E, and purchase additional gas and/or make trades, as necessary. The most recent imbalance statement (March '07) shows the Operating Imbalance at positive 0.1% of annual load, well within the range set by the Committee. The imbalance should remain within the parameters of 1.0% to -2.0%.

Gas Price Comparison 2003-06

Lahr provided a Gas Price Comparison spreadsheet comparing ABAG POWER's commodity costs, with PG&E's Core Procurement (GNR-1) costs since 2003, and he explained the methods used in this comparison.

The Stability of the Natural Gas Program

Members discussed the solidity of the Natural Gas program and its value to the member jurisdictions of the pool. Lahr spoke about the challenges facing the program and said that while it provides price stability to members, the large imbalance, and certain fixed-price contracts has had a negative effect on member savings over the past year and a half.

After a lengthy discussion, it was suggested that staff come back to the Committee with some new strategies on whether it was beneficial to continue the Natural Gas program.

Natural Gas Regulatory Update

The "Notice of Availability of PG&E Company's 2008 Gas Transmission and Storage Rate application" was filed with the California Public Utilities Commission on March 15, 2007. ABAG POWER had been a party in the settlement talks with PG&E. To date, the CPUC has taken no action on this application.

On June 7, 2007 the CPUC approved PG&E's request for approval of a long-term core hedge program. The decision allows the hedging plan to remain confidential in accordance with the settlement negotiated between PG&E, DRA and TURN. (CPUC Decision 07-06-013). ABAG POWER had opposed this request based on the view that the confidentiality provisions were too extensive.

ABAG POWER FY 2007-08 Budget

Motion was made by Baker/S/Mennucci/C/7:0:0 to leave the working capital deposits alone and approve the ABAG POWER Operating Budget as presented.

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ABAG ENERY WATCH UPDATE

Lahr provided the members with an update on the ABAG Energy Watch Program referring to the Project's Incentive Tracking and Project Pipeline reports.

The Program, through its prime implementer Energy Solutions and in coordination with PG&E, is now striving to move projects forward. In order for the program to get credit for a project, the project has to be installed, inspected and paid for by the deadline date of December 31, 2008. Lahr said that the difficulty has been trying to push projects through to completion.

NEW POTENTIAL PROGRAMS

The members expressed significant interest in seeing ABAG POWER explore new program opportunities. Many ideas were discussed in a brief fashion, including:

- Green ("Renewable") natural gas
- Solar/Photovoltaic (PV) Installation Administration/Facilitation
- Billing Analysis/Usage Analysis/Energy Management
- Policy Assistance
- Aggregated Purchasing Programs
 - RECS
 - Other Carbon Offsets
 - Hybrids
 - Biodiesel Fuel
- Renewable Energy Ownership
- Demand Response

Members agreed that ABAG POWER needs to move towards the green market and look at all possibilities that are out there.

ADJOURNMENT

Chairman Buonaccorsi adjourned the meeting at 2:00 p.m.

/vm

*Example of a motion – [Member No. 1/S/Member No. 2/roll call vote/C/8:0:0] means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = "yes" votes, 0 = "no" votes and 0 = abstentions